

Senate Study Bill 1075

SENATE FILE _____
BY (PROPOSED COMMITTEE ON LOCAL
GOVERNMENT BILL BY
CHAIRPERSON GASKILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to conflicts of interest in public contracts.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
3 TLSB 2228SC 80
4 av/pj/5

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1 1 Section 1. Section 279.7A, Code 2003, is amended to read

1 2 as follows:

1 3 279.7A INTEREST IN PUBLIC CONTRACTS PROHIBITED ==

1 4 EXCEPTIONS.

1 5 A member of the board of directors of a school corporation

1 6 shall not have an interest, direct or indirect, in a contract

1 7 for the purchase of goods, including materials and profits,

1 8 and the performance of services for the director's school

1 9 corporation. A contract entered into in violation of this

1 10 section is void. This section does not apply to contracts for

1 11 the purchase of goods or services which benefit a director, or

1 12 to compensation for part-time or temporary employment which

1 13 benefits a director, if the benefit to the director does not

1 14 exceed two thousand five hundred dollars in a fiscal year, and

1 15 contracts made by a school board, upon competitive bid in

1 16 writing, publicly invited and opened. This section does not

1 17 apply to a contract that is a bond, note, or other obligation

1 18 of a school corporation if the contract is not acquired

1 19 directly from the school corporation, but is acquired in a

1 20 transaction with a third party, who may or may not be the

1 21 original underwriter, purchaser, or obligee of the contract,

1 22 or to a contract in which a director has an interest solely by

1 23 reason of employment if the contract is made by competitive

1 24 bid in writing, publicly invited and opened, or if the

1 25 remuneration of employment will not be directly affected as a

1 26 result of the contract and the duties of employment do not

1 27 directly involve the procurement or preparation of any part of

1 28 the contract. The competitive bid qualification of this

1 29 section does not apply to a contract for professional services

1 30 not customarily awarded by competitive bid.

1 31 Sec. 2. Section 331.342, subsection 4, Code 2003, is

1 32 amended to read as follows:

1 33 4. Contracts in which a county officer or employee has an

1 34 interest solely by reason of employment, or a stock interest

1 35 of the kind described in subsection 8, or both, if the

2 1 contracts are made by competitive bid, publicly invited and

2 2 opened, ~~and~~ or if the remuneration of employment will not be

2 3 directly affected as a result of the contract and the duties

2 4 of employment do not directly involve the procurement or

2 5 preparation of any part of the contract. The competitive bid

2 6 qualification of this subsection does not apply to a contract

2 7 for professional services not customarily awarded by

2 8 competitive bid.

2 9 Sec. 3. Section 331.342, Code 2003, is amended by adding

2 10 the following new subsection:

2 11 NEW SUBSECTION. 11. A contract that is a bond, note, or

2 12 other obligation of the county and the contract is not

2 13 acquired directly from the county, but is acquired in a

2 14 transaction with a third party, who may or may not be the

2 15 original underwriter, purchaser, or obligee of the contract.

2 16 Sec. 4. Section 362.5, subsection 5, Code 2003, is amended

2 17 to read as follows:

2 18 5. Contracts in which a city officer or employee has an

2 19 interest solely by reason of employment, or a stock interest

2 20 of the kind described in subsection 9, or both, if the

2 21 contracts are made by competitive bid in writing, publicly

2 22 invited and opened, or if the remuneration of employment will

2 23 not be directly affected as a result of the contract and the

~~2 24 duties of employment do not directly involve the procurement
2 25 or preparation of any part of the contract. The competitive
2 26 bid qualification of this subsection does not apply to a
2 27 contract ~~is~~ for professional services not customarily awarded
2 28 by competitive bid, ~~if the remuneration of employment will not
2 29 be directly affected as a result of the contract, and if the
2 30 duties of employment do not directly involve the procurement
2 31 or preparation of any part of the contract.~~~~

2 32 Sec. 4. Section 362.5, Code 2003, is amended by adding the
2 33 following new subsection:

2 34 NEW SUBSECTION. 13. A contract that is a bond, note, or
2 35 other obligation of the city and the contract is not acquired
3 1 directly from the city, but is acquired in a transaction with
3 2 a third party who may or may not be the original underwriter,
3 3 purchaser, or obligee of the contract.

3 4 EXPLANATION
3 5 This bill relates to conflicts of interest in public
3 6 contracts by persons who hold certain public offices or
3 7 employment. The bill provides that members of school boards,
3 8 and city and county officers and employees are not prohibited
3 9 from serving in that capacity because of an interest, direct
3 10 or indirect, in certain contracts if the contracts are made by
3 11 competitive bid, publicly invited and opened, or if the
3 12 remuneration of employment for the person is not directly
3 13 affected as a result of the contract and the duties of the
3 14 person's employment do not directly involve the procurement or
3 15 preparation of any part of the contract.

3 16 The conflict of interest provisions also do not apply to
3 17 contracts in which a member of a school board, or a city or
3 18 county officer or employee has a direct or indirect interest,
3 19 when the contracts are bonds, notes, or other obligations of
3 20 the school corporation, county, or city that are not acquired
3 21 directly from that body but instead are acquired in
3 22 transactions with a third party, who may or may not be the
3 23 original underwriter, purchaser, or obligee of the contract.

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